

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 ERDA-07 AID-05 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 FPC-01 H-02 INR-07 INT-05
L-03 NSAE-00 NSC-05 OMB-01 PM-05 OES-07 SP-02
SS-15 STR-04 TRSE-00 ACDA-10 PA-02 PRS-01 FEA-01
USIE-00 INRE-00 NSCE-00 SSO-00 /105 W
-----039439 082215Z /63

O 082140Z AUG 77

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC NIACT IMMEDIATE 4378

UNCLAS SECTION 01 OF 02 OTTAWA 07186

WHITE HOUSE FOR GOLDMAN; STATE FOR KATZ AND EUR/CAN

EO 11652: N/A

TAGS: ENRG, PGOD, SENV, CA

SUBJ: CANADA ANNOUNCES PIPELINE DISCUSSIONS

1. FOLLOWING IS TEXT OF ANNOUNCEMENT PRIME MINISTER TRUDEAU MADE AT 1715 AUGUST 8. BEGIN TEXT.
2. THE GOVERNMENT HAS BEEN GIVING INTENSIVE CONSIDERATION TO WHETHER, WHEN AND WHERE A PIPELINE SHOULD BE BUILT TO TRANSPORT NATURAL GAS FROM THE ARCTIC TO HELP MEET THE GROWING NEEDS FOR NEW ENERGY SUPPLIES CANADA AND THE UNITED STATES FACE IN THE YEARS AHEAD.
3. A COMPREHENSIVE SERIES OF STUDIES HAS PROVIDED THE GOVERNMENT, PARLIAMENT AND THE CANADIAN PEOPLE WITH INVALUABLE KNOWLEDGE AND INSIGHT INTO THE MANY COMPLEX ISSUES SURROUNDING THIS QUESTION.
4. THE GOVERNMENT OF THE UNITED STATES HAS BEEN GIVING SIMILAR CONSIDERATION TO THE OPTIONS OPEN TO IT IN ORDER TO DETERMINE WHICH WOULD BEST SERVE ITS OWN INTERESTS.

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5. THE CANADIAN GOVERNMENT HAS BEEN INFLUENCED BY THE CONCLUSION OF THE NATIONAL ENERGY BOARD THAT THE NATURAL GAS RESERVES OF SOME 5.3 TRILLION CUBIC FEET THAT HAVE BEEN FOUND TO DATE IN THE MACKENZIE DELTA CONSTITUTE THE CHEAPEST ALTERNATIVE SOURCE OF NEW SUPPLIES OF ENERGY AVAILABLE TO CANADA. THE BOARD ALSO CONCLUDED THAT DE-

PENDING ON A VARIETY OF FACTORS DIFFICULT TO PREDICT AT THE PRESENT TIME, CANADA COULD BY AS EARLY AS 1981 AND AS LATE AS 1985 HAVE A REQUIREMENT FOR THOSE RESERVES TO MEET ITS OWN DOMESTIC NEEDS AS WELL AS TO FULFILL OUTSTANDING CONTRACTS FOR THE EXPORT OF GAS TO THE UNITED STATES.

6. AFTER CAREFULLY WEIGHING ALL OF THE MANY ECONOMIC, SOCIAL AND ENVIRONMENTAL FACTORS INVOLVED, THE GOVERNMENT HAS CONCLUDED--AS DID ALL PARTIES IN THE DEBATE LAST WEEK IN PARLIAMENT--THAT UNDER APPROPRIATE CONDITIONS AND SAFEGUARDS, A NORTHERN PIPELINE PASSING THROUGH THE SOUTHERN YUKON TERRITORY TO PROVIDE THE MEANS TO TRANSPORT CANADIAN GAS FROM THE MACKENZIE DELTA, AS AND WHEN REQUIRED TO MEET DOMESTIC CANADIAN NEEDS AS WELL AS TO PROVIDE IMMEDIATE TRANSPORT OF AMERICAN GAS FROM PURDHOE BAY WOULD BE IN CANADA'S NATIONAL INTEREST.

7. THE GOVERNMENT HAS BEEN ADVISED BY PRESIDENT CARTER THAT HIS ADMINISTRATION IS PREPARED TO JOIN IN DISCUSSIONS WITH CANADA IN ORDER TO EXPLORE WHETHER A BASIS CAN BE ESTABLISHED FOR AGREEMENT BETWEEN THE TWO COUNTRIES. DISCUSSIONS TO THAT END WITH UNITED STATES OFFICIALS WILL BEGIN AS SOON AS POSSIBLE.

8. DURING THE COURSE OF THESE DISCUSSIONS, IT WOULD BE THE UNCLASSIFIED

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PURPOSE OF CANADIAN NEGOTIATORS TO SEEK THE ASSURANCES THAT WE WOULD REQUIRE WITH REGARD TO THE ROUTING OF A PIPELINE THROUGH THE SOUTHERN YUKON, THE TIMING OF ITS CONSTRUCTION, PROVISION FOR A CONNECTING LINK THAT WOULD GIVE ACCESS TO CANADIAN GAS IN THE MACKENZIE DELTA, AND THE FINANCIAL FEASIBILITY OF THE SYSTEM.

9. THE CANADIAN GOVERNMENT WOULD ALSO BE CONCERNED TO ENSURE THAT CONSTRUCTION AND OPERATION OF ANY SUCH PIPELINE WOULD NOT PREJUDICE THE SETTLEMENT AND IMPLEMENTATION OF NATIVE CLAIMS, THAT THE ADVERSE SOCIAL AND ECONOMIC IMPACTS OF A PIPELINE SYSTEM WERE RESTRICTED TO AN ABSOLUTE MINIMUM AND ADEQUATE COMPENSATION PROVIDED FOR THOSE WHICH WERE UNAVOIDABLE, THAT THE POTENTIAL SHORT AND LONG TERM BENEFITS TO THE PEOPLE OF THE NORTH WOULD BE REALIZED TO THE FULLEST POSSIBLE EXTENT, AND THAT DAMAGE TO THE ENVIRONMENT OF THE NORTH WAS ALSO REDUCED TO THE LOWEST POSSIBLE LEVEL.

10. THE GOVERNMENT ALSO PLANS TO UNDERTAKE DISCUSSIONS WITH THE MEMBER COMPANIES OF THE FOOTHILLS GROUP IN ORDER TO ESTABLISH THE TERMS AND CONDITIONS UNDER WHICH THE PROJECT MIGHT BE CARRIED FORWARD.

11. SHOULD IT PROVE POSSIBLE TO REACH AN AGREEMENT IN PRINCIPLE WITH THE UNITED STATES ON THE MANY FACTORS WHICH MUST BE TAKEN INTO CONSIDERATION, IT WOULD BE THE GOVERNMENT'S INTENTION TO PURSUE WIDE-RANGING CONSULTATIONS WITH INTERESTED PROVINCES, TERRITORIAL GOVERNMENTS, NATIVE ORGANIZATIONS, COMMUNITY GROUPS AND OTHER CONCERNED INTERESTS IN ORDER TO DEVISE DETAILED ARRANGEMENTS THAT WOULD BEST MEET CANADIAN OBJECTIVES.

12. THE PRESIDENT OF THE PRIVY COUNCIL, THE HONOURABLE ALLAN J. MACEACHEN, WILL DIRECT THE NEGOTIATIONS IN COLLABORATION WITH THE PARTICULAR MINISTERS CONCERNED AND ASSISTED

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BY THE NORTHERN PIPELINE COMMISSIONER, MR. H. B. ROBINSON.
END TEXT ENDERS

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